

# HOUSE BILL REPORT

## SSB 5236

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### As Reported by House Committee On:

Commerce & Labor

Appropriations

**Title:** An act relating to providing additional funding to the prevailing wage program of the department of labor and industries by discontinuing the transfer of moneys from the public works administration account to the general fund-state account.

**Brief Description:** Providing additional funding to the prevailing wage program of the department of labor and industries by discontinuing the transfer of moneys from the public works administration account to the general fund-state account.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Kohl-Welles, Parlette, Keiser, Fraser, Honeyford and Kline; by request of Department of Labor & Industries).

### Brief History:

#### Committee Activity:

Commerce & Labor: 2/16/06 [DP];

Appropriations: 2/20/06, 2/23/06 [DP].

### Brief Summary of Substitute Bill

- Discontinues the quarterly transfer of 30 percent of the Public Works Administration Account to the General Fund.

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## HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Holmquist, Hudgins, Kenney and McCoy.

**Staff:** Jill Reinmuth (786-7134).

### Background:

The state prevailing wage law requires prevailing wages to be paid to employees on public works construction projects. Public works contracts must contain a provision requiring the payment of prevailing wages.

The Department of Labor and Industries (Department) administers the prevailing wage law, including acting as the final arbitrator in prevailing wage disputes. The Department charges

fees of contractors working on public works projects. Similarly, the Department charges fees of parties for arbitrating prevailing wage disputes.

The fees collected by the Department are deposited in the Public Works Administration Account. Each quarter, 30 percent of the funds in the account are transferred to the State General Fund. Appropriations from the account, other than the money transferred, may be used only for administration of the prevailing wage law. The transfer of General Fund revenue to a non-general fund account lowers the "601 limit."

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**Summary of Bill:**

The quarterly transfer of 30 percent of the Public Works Administration Account to the General Fund is discontinued.

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**Appropriation:** None.

**Fiscal Note:** Available for Senate Bill 5236.

**Effective Date:** The bill takes effect on July 1, 2007.

**Testimony For:** None.

**Testimony Against:** None.

**Persons Testifying:** None.

**Persons Signed In To Testify But Not Testifying:** None.

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**HOUSE COMMITTEE ON APPROPRIATIONS**

**Majority Report:** Do pass. Signed by 31 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Chandler, Clements, Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hinkle, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Miloscia, Pearson, Priest, Schual-Berke, P. Sullivan, Talcott and Walsh.

**Staff:** Owen Rowe (786-7391).

**Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Commerce & Labor:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on July 1, 2007.

**Testimony For:** The current policy of sweeping 30 percent of revenues from the Public Works Administration Account to the General Fund affects the Department of Labor and Industries' administration of the prevailing wage program in four ways. First, with regard to intents and affidavits, which is an electronic and paper process that ensures contractors get the funds they need to make payroll, more resources are needed to ensure that contractors are reimbursed in a timely manner. Second, on the rate of the prevailing wage, more resources are needed for surveys to get an accurate measure of the prevailing wage in the different counties. Third, outreach and education have been challenging within existing resources. Finally, more resources are needed for effective enforcement to ensure that contractors are not misclassifying workers or paying an incorrect prevailing wage.

**Testimony Against:** None.

**Persons Testifying:** Jim Justin, Association of Washington Cities; Rick Slunaker, Associated General Contractors; Patrick Woods, Department of Labor and Industries; and Dave Johnson, Washington State Building and Construction Trades.

**Persons Signed In To Testify But Not Testifying:** None.